

Chapter Ten: Post-Retirement Matters

Collecting contributions from employees who are TRS annuitants

Do not remit TRS or THIS Fund contributions from retired employees who are receiving an annuity from TRS unless TRS post-retirement employment limitations are exceeded or the annuitant returns to service during the same school year in which he or she last contributed to TRS. See “Employment limitations for TRS annuitants” for information about post-retirement employment limitations.

Eligibility for a TRS retirement annuity

To be eligible for a TRS retirement annuity, the Illinois Pension Code requires a member to terminate active service as a teacher. To meet federal guidelines, TRS requires a member to genuinely resign from his or her position and that the employment relationship is severed prior to the commencement of benefits. It is not permissible to prearrange post-retirement employment.

To establish termination of service, two conditions must be met. First, a member must formally resign from his or her teaching position. Second, he or she must wait 30 calendar days from the date of resignation before performing any post-retirement teaching for the same employer. The 30 calendar day wait period does not apply if the post-retirement teaching is for another employer.

Designations such as “temporary,” “interim,” and “independent contractor” will not suffice to establish termination of active service if the continued employment is with the same employer.

An annuitant who has established termination of service may not return to post-retirement teaching in the same school year he or she last contributed to TRS.

Once pension eligibility is established, retiring members must comply with post-retirement employment limitations.

Employment limitations for TRS annuitants

When a retired teacher returns to teach and is receiving a TRS retirement annuity, certain restrictions apply regarding from whom the annuitant may accept employment, the type of position in which he or she may be employed, and the number of days and hours he or she may work.

Employment limitation

A TRS annuitant may be employed in any position that is not a TRS-covered position without limitation. For example, an annuitant may be employed by any college, university or private school. In addition, he or she may be employed by a school district in a position not covered by TRS without limitation. For example, as a retired teacher, an individual may be employed as a bus driver for any number of days or hours.

Once a member is retired, he or she may not resume employment in a TRS-covered position, including substitute and summer school teaching, in the same school year in which he or she last contributed to TRS. The school year is July 1 through June 30. Therefore, if a member retires during the school year, the member may teach summer school following retirement only if his or her first day of teaching is after June 30.



120 days/600 hours limitation

Following the school year in which a member last contributed to TRS, an annuitant may be employed in a TRS-covered position for up to 120 paid days or 600 paid hours per school year and still receive a retirement annuity. **The increase of 120 days from 100 days and 600 hours from 500 hours is effective for a five-year window from July 1, 2001 through June 30, 2006.** For post-retirement employment purposes, the Illinois Pension Code equates one full day with five hours. Therefore, if an annuitant works only full days (five or more hours per day), each day would be counted toward the 120 days limitation. If an annuitant works all partial days or a combination of full and partial days, the time worked would be counted toward the 600 hours limitation. Each full day (five or more hours) would be counted as five hours, even if the annuitant actually worked more than five hours on that date. For partial days, the actual number of clock hours worked would be counted. For example if an annuitant worked on two days during a given week, three hours on Tuesday and seven hours on Thursday, a total of eight hours (three for Tuesday and five for Thursday) would be counted toward the 600 hours limitation. TRS recommends that each annuitant maintain a record of his or her time worked.

Only work that requires teacher certification (including summer school teaching) is subject to the 120 days/600 hours post-retirement employment limitation. Questions regarding whether a position or duty requires teacher certification should be directed to the Illinois State Board of Education. All time that a teacher or administrator is required to be present for duties requiring teacher certification is subject to the limitation. For teachers, this includes preparation periods and time before, between, and after classes. For administrators, this includes all time that is required to be spent on administrative duties, such as attendance at board meetings and contract negotiations.

Extra duties that do not require teacher certification (e.g., coaching, lunchroom supervision, chaperoning) are not subject to the 120 days/600 hours post-retirement employment limitation.

Exceeding the limitations

If an annuitant exceeds the post-retirement employment limitations after retiring for one complete school year,

- TRS must be notified;
- the retirement annuity will be suspended;
- the annuitant will reenter active membership; and
- you, as the employer, must remit TRS contributions on all creditable earnings after the employment limitations are exceeded.

There are two circumstances in which an annuitant will be required to repay all annuity payments in full from the date of retirement:

- if teaching is resumed in the same school year in which the annuitant last contributed, or
- if the annuitant exceeds employment limitations in the first school year following retirement.

Special consequences apply if an annuitant exceeds the employment limitations following a teacher's retirement under any 5&5 Early Retirement Incentive (ERI) program. All enhanced age

and service credit are forfeited and may not be used again at retirement. No member or employer ERI contributions will be refunded.

Special circumstances

A member who retires under the Illinois Retirement Systems Reciprocal Act must adhere to the post-retirement employment limitations of each retirement system that is, or will be, paying retirement benefits. The member must adhere to the post-retirement limitations of the system under which he or she returns to work. Therefore, the member should contact each applicable reciprocal system regarding employment limitations. All systems will discontinue benefits if the limits are exceeded.

A member who retired under the Public School Teachers' Pension and Retirement Fund of Chicago (CTRF) is allowed to be employed in a TRS-covered position without limitation for CTRF purposes. However, the member will qualify as a TRS member and must contribute to TRS if he or she is employed in a TRS-covered position for more than 120 days or 600 hours.

Return to work in subject shortage areas

Governor Blagojevich signed Public Act 93-0320 on July 22, 2003. The act, which is a five-year program that expires on June 30, 2008, allows a TRS annuitant to return to work without post-retirement limitations. The regional superintendent must designate the employment to be in a subject shortage area in order for an annuitant to be able to return to work without limitation.

Participation

The annuitant must return to work in a subject shortage area and school districts must comply with the program participation requirements.

Any qualified teacher who has been honorably dismissed within the calendar year preceding the school term in which employment is sought must be offered the position before an annuitant can be hired. The requirements state that for a period of at least 90 days during the six months before the beginning of the school term that the employer seeks to hire an annuitant, the school district must continually

- advertise its vacancies in the subject shortage area in a newspaper of general circulation in the area in which the school is located,
- advertise in employment bulletins published by college and university placement offices located near the school, and
- search for teachers legally qualified to fill those vacancies through the Illinois Education Job Bank.

If the vacancies are not filled after complying with these requirements, the school district must submit documentation to the regional superintendent. The regional superintendent will certify the district's compliance on a form and mail it to us.



Eligibility

An annuitant may teach in a subject shortage area without compromising his or her retirement status if:

- The employment does not begin within the school year service was terminated.
- The annuitant did not retire under the 5&5 Early Retirement Incentive.
- The annuitant retired before age 60 and with less than 34 years of service and the eligible employment does not begin within the year following the effective date of the retirement annuity.
- The annuitant retired at age 60 or above or with 34 or more years of service and the eligible employment does not begin within the 90 days following the effective date of the retirement annuity.

Certification procedure

1. The Regional Office of Education fills out the TRS form certifying that the school district has a shortage area and the district met the public act requirements.
2. After meeting the requirements of the public act, we will provide the district with the Return to Teaching in Subject Shortage Area Employer Notification form to complete. When the district completes this form to certify the intent to hire an annuitant under the program, it will state the annuitant's Social Security number, hire date, health insurance status, and the subject the annuitant will teach.
3. We will notify the annuitant and school district that we received the certification form and acknowledge the hiring of the annuitant under the program.

Employment rights

Once hired, the annuitant will be included in a collective bargaining agreement and will comply with the laws governing the employment, regulation, certification, treatment, and conduct of teachers.

The annuitant will participate in the group health benefits offered by the school district without limitations based on pre-existing conditions. After the annuitant stops teaching in a shortage area, the school district should notify us that the annuitant has terminated employment and will be returning to health insurance coverage under the Teachers' Retirement Insurance Program (TRIP).

If the school district does not offer health insurance, the annuitant will remain in the TRIP program.

No service credit

No employer or employee contributions can be made to TRS and no additional service credit can be earned when an annuitant is hired to work in a subject shortage area. Employment will not affect the annuitant's final average salary or the annuity amount. The annuitant is not reported on the Employer's Annual Report of Earnings.

Post-retirement limitations

The annuitant who returns to work in a subject shortage area is not required to comply with the 120-days/600-hours post-retirement limitations specified in Illinois Pension Code. The annuitant will receive a pension although they are employed by a school district beyond the post-retirement limitations.

Employment limitations for single-sum retirement benefit recipients

A member with fewer than five years of creditable service who taught after July 1, 1947, is eligible to receive a single-sum retirement benefit at age 65. To be eligible, the member must terminate TRS-covered employment.

Upon receipt of the single-sum benefit, an individual may teach in TRS-covered positions without restriction. Contributions are not required, regardless of the number of days or hours worked.

Health insurance available after retirement

The Teachers' Retirement Insurance Program (TRIP) offers several coverage options. Each option provides prescription drug benefits and comprehensive coverage for medically necessary services; however, the benefits under each option may differ. Benefit recipients have the choice of a traditional major medical indemnity plan or one of several managed care plans. The availability of the different coverage options will vary based upon the benefit recipient's permanent address.

Eligibility

In addition to current participants, enrollment in the Teachers' Retirement Insurance Program (TRIP) is open to:

- any member who has eight or more years of TRS service credit and is receiving a monthly retirement benefit.
- any beneficiary who is receiving a survivor benefit through a member who had eight or more years of service credit.
- any member who is receiving a disability benefit, regardless of the years of service credit.

Enrollment

Enrollment in TRIP is available at four different times:

- when an individual applies for monthly survivor, disability, or retirement benefits. TRS will mail the individual a health plan enrollment form. This form must be completed and returned within 30 days after the effective date of the benefits for enrollment in the program. The insurance becomes effective the first day of the first full month of annuity benefits or the first day of the month in which the enrollment form is received, whichever is later. The effective date of coverage may be delayed for up to four full months after the effective date of the annuity. However, the enrollment form must still be received within 30 days of the effective date of benefits. If both husband and wife are benefit recipients, both must complete health plan enrollment forms.



- when a benefit recipient turns age 65. Approximately 30 days before a benefit recipient's 65th birthday, an enrollment form will be mailed to benefit recipients not currently enrolled in the health insurance program. The benefit recipient has six months from the date he or she becomes eligible for Medicare to enroll in the plan. If the benefit recipient is not eligible for Medicare, he or she has 30 days from his or her 65th birthday to enroll in the plan. The insurance becomes effective the first of the month in which the benefit recipient turns 65 or the first of the month in which the enrollment form is received by TRS, whichever is later.
- when coverage by a former plan is terminated. At retirement, an annuitant may elect to continue coverage with another plan rather than enroll in TRIP. If this occurs, the annuitant and eligible dependents may enroll in TRIP when coverage under the other plan is terminated. The enrollment form along with a letter from the plan stating the effective date of termination must be returned no later than 30 days after the effective date of termination of the plan's coverage. The insurance becomes effective the first day of the month following cancellation of coverage with the other plan.
- during the annual Benefit Choice Period if the benefit recipient has never been enrolled in TRIP.

Administration

TRIP is administered by the Illinois Department of Central Management Services (CMS). TRS acts as an agent for CMS in collecting the member contribution and employer contributions to help fund the Teachers' Health Insurance Security (THIS) Fund, which finances TRIP. No TRS monies are used to fund TRIP.

Premium payment

A benefit recipient's premium will be based upon his or her residence and accessibility to a managed care plan. Premiums are deducted from the annuitant's monthly annuity received at the end of the month of coverage. If the annuity is not sufficient to cover the premiums, the benefit recipient will receive a direct pay statement which requires quarterly payments.

School districts may pay a portion or all of an annuitant's share of the premium for participating in the Teachers' Retirement Insurance Program (TRIP). TRS will accept the annuitant's premium cost for each designated benefit recipient from the school district. In addition, the district may also elect to pay premiums for a benefit recipient's dependents.

The retiring teacher receives a TRIP enrollment form with the initial Age Retirement Annuity Application form. The enrollment form contains a section where the district agrees to pay monthly premiums. The retiring teacher is responsible for contacting the district to obtain the authorization. If the district agrees to pay the monthly premium, the district representative must sign the enrollment form and identify the district name and number.

When TRS receives the signed enrollment form, the district will be contacted concerning billing procedures and completion of required forms.